TABLE OF CONTENTS.

Opinion Below ---------- 1
Jurisdiction ---------- 2
Questions Presented ---------- 2
Rules of Procedure and Statute Involved ---------- 2
Statement ---------- 3
Specification of Errors to be Urged ---------- 5
Reasons for Granting the Writ ---------- 6
1. Rights and Privileges of Intervenors Now Again in Doubt ---------- 6
2. No Jurisdiction Below to Review Interlocutory Order ---------- 8
3. The Court of Appeals Erred, Especially in Depriving the District Court of Its Right to Exercise Discretion ---------- 10
Conclusion ---------- 13
Appendix:
1. Federal Rules of Civil Procedure:
Rule 13. Counterclaim and Cross-Claim ---------- 14
Rule 24. Intervention ---------- 14
2. Title 28. United States Code:
§ 1292. Interlocutory decisions ---------- 15

TABLE OF AUTHORITIES.

Cases.

Brandtjen & Kluge v. Joseph Freeman, Inc., 75 F. 2d 472 ---------- 8
Chandler & Price v. Brandtjen & Kluge, Inc., 296 U. S. 53 ----------6, 7, 8, 10, 11
Cohn v. Beneficial Indus. Loan Corp., 337 U. S. 541 9
Crosby Steam Gage & Valve Co. v. Manning, Maxwell & Moore, 51 F. Supp. 972 (D. C. Mass. 1943) ----------8, 12

Douglas v. Wisconsin Alumni Research Foundation, 81 F. Supp. 167 ---------- 7

Johnson v. Georgia Power Co., 2 F. R. D. 282 (D. C. Ga., 1942) ---------- 8

Kerotest Mfg. Co. v. C-O-Two F. E. Co., 242 U. S. 182 ---------- 12

Larson v. Domestic & Foreign Commerce Corp., 337 U. S. 682 ---------- 2

Mercoid Corporation v. Mid-Continent Investment Co., 320 U. S. 661 ---------- 4, 7

Morgenstern Chemical Co. v. Schering Corp., 181 F. 2d 160 (CA 3, 1950) ---------- 9, 10

Reynolds Pen Co. v. Marshall Field Co., 8 F.R.D. 314 (D. C. Ill. 1948) ---------- 8

Western Union Telegraph Co. v. United States & M. T. Co., 221 Fed. 545 ---------- 6

Statutes.

28 U. S. C., Section 1254(1) ---------- 2

28 U. S. C., Section 1292 ---------- 5, 9

28 U. S. C., Section 1292(1) ---------- 2, 9, 10, 15

Rules of Civil Procedure.

Rule 13(a) ---------- 2, 14

Rule 13(b) ---------- 2, 7, 14

Rule 13(f) ---------- 2, 5, 14

Rule 24(a) ---------- 2, 11, 14

Rule 24(b) ---------- 2, 9, 11, 12, 15

In the Supreme Court of the United States

OCTOBER TERM, 1953.

No. ----------

SWITZER BROTHERS, INC., ROBERT C. SWITZER, and JOSEPH L. SWITZER,

Petitioners,

vs.

HARRY P. LOCKLIN and ELMER J. BRANT, General Partners Doing Business Under the Name of RADIANT COLOR COMPANY,

Respondents.

PETITION FOR WRIT OF CERTIORARI
To the United States Court of Appeals For the Seventh Circuit.

Your petitioners, Switzer Brothers, Inc., Robert C. Switzer, and Joseph L. Switzer, respectfully pray that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Seventh Circuit in Appeal No. 10,856 of that Court, entered in the above-entitled case on October 8, 1953.

OPINION BELOW.

The memorandum order of the District Court below (R. p. 45) is unreported. The opinion of the Court of Appeals (R. pp. 68 to 75, inc.) is reported at 207 F. 2nd 483.

JURISDICTION.

The judgment of the United States Court of Appeals was entered on October 8, 1953 (R. p. 76). The jurisdiction of this Honorable Court is invoked under 28 U. S. C., Section 1254(1). Being "fundamental to the further conduct of the case," the procedural and jurisdictional questions involved in the interlocutory judgment of the Court of Appeals, reversing the order of the District Court, make the Court of Appeals' judgment appropriate for review. *Larson v. Domestic & Foreign Commerce Corp.*, 337 U. S. 682, 685, n. 3.

QUESTIONS PRESENTED.

1. Is an intervenor, permitted to answer, only, by the trial Court under Rule 24, Federal Rules of Civil Procedure, entitled, as a matter of right, to file a counterclaim which is merely "permissive" under Rule 13(b), Federal Rules of Civil Procedure?

2. Does a United States Court of Appeals have jurisdiction to entertain an appeal from an interlocutory order permitting limited intervention?

RULES OF PROCEDURE AND STATUTE INVOLVED.

The pertinent Federal Rules of Civil Procedure, Rule 24(a) and (b) [Intervention] and Rule 13(a), (b), and (f) [Compulsory, Permissive and Omitted Counterclaims] and the statute, Title 28, United States Code, Section 1292(1) are printed in Appendix A attached hereto, pp. 14-15.

STATEMENT.

Petitioners filed suit against seventeen defendants in the Chicago area, alleging that petitioners' patents covering daylight fluorescent signs and plastic coated papers were being infringed in the following manner: Unlicensed advertisers [e.g., defendants Atchison, Topeka, and Santa Fe Railway System and Standard Oil Company (Indiana)] used infringing signs supplied by unlicensed printers [e.g. defendants Rand, McNally & Company and Magill-Weinsheimer Co.]. A special and separately patented cardboard or paper used in making the infringing signs was sold to printers and sign makers by various unlicensed dealers and paper merchants [e.g., defendants Favor, Ruhl & Co., Chicago Paper Co., and Carpenter Paper Co.] who, in turn, were supplied by an unlicensed manufacturer residing in the Northern District of Illinois. This last-named defendant, Chicago Cardboard Co., was alleged to act in its own behalf as a principal in the manufacture and sale of unlicensed cardboard and, in the sale of unlicensed paper, as a distributor for and agent of Radiant Color Company of Oakland, California (R. pp. 5-13, 15-16).

On June 19, 1952, before any of the original defendants had appeared or answered, Harry P. Locklin and Elmer J. Brandt of Oakland, California, general partners doing business as Radiant Color Company (and hereinafter referred to as "intervenor" or "Radiant Color Company") moved to intervene (R. pp. 13-14). The motion to intervene was accompanied by a proposed answer, which denied the foregoing allegations of the Complaint (including the alleged agency of the key Illinois defendant, Chicago Cardboard Co.) and set up standard defenses for a patent infringement suit, including the defense of misuse of petitioners' patent monopoly under the doctrine of

Mercoid Corporation v. Mid-Continent Investment Co., 320 U. S. 661 (R. pp. 45-48). As part of the proposed answer, Radiant Color Company counterclaimed under the anti-trust laws, alleging that petitioners had entered contracts which might substantially lessen competition and which had damaged the intervenor in the amount of $100,000; award of trebled damages, injunctive relief, costs, and attorneys' fees were sought as relief in the proposed counterclaim (R. pp. 48-49).

On June 30, 1952, all defendants, except Chicago Cardboard Co. and Standard Oil Company,[1] filed answers (R. pp. 27-30). On July 8, 1952, petitioners opposed the intervention. On July 11, 1952, defendant Chicago Cardboard answered (R. pp. 33-36). Appearances and answers for all of the answering defendants were made by the same Chicago and San Francisco attorneys who had acted for intervenor Radiant Color Company (cf. R. pp. 14, 30, 36). The answers of the defendants were substantially duplicates of the proposed answer of the intervenor, although all defendants admit they had "obtained the accused devices and/or the fluorescent raw materials from which such devices were made, either directly or indirectly from" the intervenor (R. pp. 29, 35-36). Although alleging, as a defense, abuse of patent monopoly, as intervenor did (R. pp. 27-28, 34), none of the original defendants asserted a counterclaim in the above-mentioned answers.

On July 17, 1952, through the same attorneys who had acted before for intervenor and the answering defendants, defendant Chicago Cardboard Co. purportedly amended its answer to include a counterclaim for alleged anti-trust

---

[1] The record contains no answer for Standard Oil Company. Though not of record here, following intervenor's taking of the appeal below, petitioners and Standard Oil Company settled their differences and suit as to that original defendant was dismissed.

law violation similar to the proposed counterclaim of intervenor, filed on June 19, 1952 (R. pp. 39-42). Alleging that the purported counterclaim of Chicago Cardboard Co. was at best an omitted counterclaim filed without leave of Court, as required by Rule 13(f), Federal Rules of Civil Procedure, petitioners moved to strike it (R. pp. 43-44). The trial Court has not yet acted on the Motion to Strike the purported counterclaim of Chicago Cardboard Co. or taken any other action in the suit after intervenor's appeal.

On January 7, 1953, the trial Court entered an order granting Radiant Color Company leave to intervene and answer but denying leave to enter the proposed counterclaim (R. p. 45). The order was entered without opinion and no finding of fact or conclusion of law was made. Intervenor appealed from the portion of the order denying leave to counterclaim for alleged anti-trust violations by petitioners (R. pp. 50-51). Petitioners moved to dismiss the appeal for want of jurisdiction under 28 U. S. C. 1292 (R. p. 66). The motion was denied with leave to renew at final hearing (R. p. 67). On October 8, 1953, the Court of Appeals entered an opinion and judgment holding that the trial Court had erred in denying intervenor leave to counterclaim (R. pp. 68-76).

SPECIFICATION OF ERRORS TO BE URGED.

The Court of Appeals erred:

1. In holding that the intervenor was entitled as a matter of right to file its counterclaim.

2. In asserting jurisdiction over the interlocutory order of the District Court denying leave to counterclaim.

3. In reversing the appealed portion of the order of the District Court.

REASONS FOR GRANTING THE WRIT.

1. Rights and Privileges of Intervenors Now Again in Doubt.

In its opinion the Court of Appeals states that:

> "There appears to be some contrariety of opinion as to the rights of a party by intervention as compared to those of an original party. See discussion by the Supreme Court in the *Chandler* case, *supra*, p. 58 [*Chandler & Price Co. v. Brandtjen & Kluge, Inc.*, 276 U. S. 53, 58 (1935)]; *Illinois Steel Co. v. Ramsey, et al.*, 176 Fed. 853, 863 [CCA 8, 1910] and *Western Union Telegraph Co. v. United States & Mexican Trust Co.*, 221 Fed. 545, 552 [CCA 8, 1915]." (R. para. commencing at bottom of R. p. 71.)

The Court of Appeals below does not explain how there could be permissible conflict between an opinion of this Court and opinions of a Circuit Court rendered twenty and twenty-five years prior thereto (the older case being prior even to the "old equity rules" under which the Court dismisses the *Chandler* case [R. p. 72]). The Court of Appeals below clearly missed the distinction over the latter of the two Circuit Court decisions, *Western Union Telegraph Co. v. United States & M. T. Co.*, 221 Fed. 545, which this Court made in the *Chandler* case at 296 U. S. 57. There is, indeed, a conflict of decisions, but the conflict is that between the conclusion reached by the Court below and the decision of this Court in *Chandler & Price v. Brandtjen & Kluge, Inc.*, 296 U. S. 53, 58.

In the *Chandler* case, this Court held:

> "There is no suggestion that defendant has any interest in the counterclaim or that the issues between intervenor and plaintiff that are tendered by, or that might possibly arise out of the counterclaim may not be adjudged in a separate suit. The inter-

> venor was not entitled to come into the suit for the purpose of having adjudicated a controversy solely between it and plaintiff. Issues tendered by or arising out of plaintiff's bill may not by the intervenor be so enlarged. It is limited to the field of litigation open to the original parties. [Citing cases.] The decisions of the District Court and the Circuit Court of Appeals in *United States Expansion Bolt Co. v. H. G. Kroncke H. Co.*, 216 Fed. 186; 234 Fed. 858, are *disapproved to the extent, if at all, that they tend to support intervenor's contention that it is entitled to set up the counterclaim.*" (296 U. S. 57-58; emphasis supplied.)

In the present suit, although citing (out of context) the residual doubts expressed by Judge Campbell (the District Judge below) in *Douglas v. Wisconsin Alumni Research Foundation,* 81 F. Supp., 167, 170, of the rationale of *Mercoid Corp. v. Mid-Continent Investment Co.,* 320 U. S. 661, 671, the Court of Appeals below does acknowledge, nevertheless, that the counterclaim presented by the intervenor here was but a permissive counterclaim, under the *Mercoid* case (R. p. 74). Thus, there can be no suggestion here, just as there was none in the *Chandler* case, that the intervenor's counterclaim might not be adjudicated in a separate suit.[2] Also, as in the *Chandler* case, the counterclaim would be a genuine controversy only between the intervenor and plaintiff (as pointed out in the Statement, [*supra,* pp. 4-5]). Yet, despite the fact that this Court's opinion in the *Chandler* case fits the status and relationship of the parties in this case exactly, the Court below

---

[2] The significance of the fact that the intervenor's counterclaim is merely permissive under Rule 13(b) is that denial does not make the subject matter *res adjudicata.* The Court of Appeals merely sets up a straw man in implying that Switzers contend that, for defendants other than intervenor-defendants, permission of the Court must be obtained to file a counterclaim under Rule 13(b) (R., p. 74); no such contention was intended.

reaches a diametrically opposite conclusion, namely, that an intervenor permitted to answer is "entitled as a matter of right to file its counterclaim" (R., p. 75, *cf.* passage at 296 U. S. 58, emphasized above).

Unless reviewed, the serious problem which the decision of the Court of Appeals below will present to trial courts hereafter is whether, if a trial court permits limited intervention to answer, must it also permit intervention for all purposes? The plain premise of the opinion below, concededly without authority (R., p. 70), is that if a party is permitted to intervene for any purpose, the party is admitted for all purposes and, thus, it is at the option of the intervenor—not the discretion of the trial Court—what issues may be interjected into a suit (R., pp. 74-75). Such a result would certainly be contrary to that permitted in the *Chandler* case, where the intervenor was allowed to answer to the issues raised by the bill in Equity, but not to counterclaim. Not only does the order appealed below reveal that the trial judge believed he could limit the issues which might be interjected by an intervenor, but this has been the expressed opinion of other trial judges in cases arising under the Rules of Civil Procedure. See *Crosby Steam Gage & Valve Co. v. Manning, Maxwell & Moore,* 51 F. Supp. 972 (D. C. Mass. 1943); *Reynolds Pen Co. v. Marshall Field Co.,* 8 F.R.D. 314, 315 (D. C. Ill. 1948); *Johnson v. Georgia Power Co.,* 2 F. R. D. 282, 283 (D. C. Ga., 1942).

2. No Jurisdiction Below to Review Interlocutory Order.

Although the jurisdictional question was not discussed, *Brandtjen & Kluge v. Joseph Freeman, Inc.,* 75 F. 2d 472 (reviewed in this Court as *Chandler & Price Co. v. Brandtjen & Kluge,* 296 U. S. 53), is relied on by the

Court of Appeals below as precedent to take jurisdiction to review the interlocutory order of the trial Court (R., p. 71). But jurisdiction of the Court of Appeals to review an interlocutory order can be based only upon the statute, 28 U. S. C. 1292, not precedent which did not decide the jurisdictional question raised here. And the only subsection of the statute which could fit any of the intervenor's pleadings is 28 U. S. C. 1292 (1), granting appellate jurisdiction over an interlocutory denial of injunctive relief.

It is evident from intervenor's pleadings (R. pp. 48-49) that injunctive relief sought by intervenor was only an incident to the general claim that intervenor had been injured by alleged anti-trust violations of petitioners. Leave to present that claim having been denied, intervenor was free to raise it in some other suit in which intervenor would be an original party. The general policy relating to interlocutory appeals taken under 28 U. S. C. 1292, as set forth in *Cohn v. Beneficial Indus. Loan Corp.*, 337 U. S. 541, 545, prohibits incidental grounds, not final in nature, from being used to enlarge the limited power of a Court of Appeals to review interlocutory orders. As held in *Morgenstern Chemical Co. v. Schering Corp.*, 181 F. 2d 160, 162-3 (CA 3, 1950), under the policy established by the *Cohn* case:

> "It is not enough merely to have discovered that an order can be found not to have granted an injunction. Its essential character and effect must be determined." (181 F. 2d, 163.)

The order reviewed by the Court of Appeals below was, in essence and effect, an order issued within the sound discretion of the District Court, i.e., "whether the intervention will unduly delay or prejudice the adjudication of the rights of the original parties." (Rule 24(b), F.R.C.P.)

The question presented to the Court of Appeals below was not whether the trial Court abused its discretion in interlocutorily denying an injunction or intervenor was finally or irreparably injured thereby; rather, the question was whether the trial Court abused its discretion in denying an intervenor leave to counterclaim, regardless of whether the counterclaim sought injunctive relief or not. The actual question, decided without regard to the trial court's discretion to grant or deny an injunction interlocutorily (R., p. 75), is clearly not a matter subject to interlocutory review by a Court of Appeals under 28 U. S. C. 1292, subsection (1) or any other sub-section.

Review of the judgment below should resolve what appears to be an open conflict in principle between the Courts of Appeals for Seventh Circuit in the instant case and for the Third Circuit in *Morgenstern Chemical Co. v. Schering Corp.*, 181 F. 2d 160, over what constitutes "an order refusing an injunction, within the meaning of § 1292(1)." (181 F. 2d 163.)

3. The Court of Appeals Erred, Especially in Depriving the District Court of Its Right to Exercise Discretion.

One fact which the Court of Appeals assumed in endeavoring to distinguish over the *Chandler* case was that here petitioners alleged in their Complaint that Radiant was a principal for Chicago Cardboard. If a fact, which petitioners alleged on information and belief, it is in doubt, for intervenor and the defendants, who should know, deny it in their answers. But this questioned fact would not interfere with the rationale of the *Chandler* case. The relationship between the defendant and an intervenor not subject to service in the original suit is apparently immaterial.

As revealed by the *Chandler* case at 296 U. S. 55, the tie of the intervenor to the original defendant there was an indemnity bond, a tie closer than petitioners allege the tie-up between intervenor and any original defendant here to be, and certainly far closer than what the intervenor and defendants admit.

The real fault of the opinion below is probably in the inference that somehow the new Federal Rules of Civil Procedure may have "liberalized" the rights and privileges of an intervenor (R. p. 72). Comparison of Rule 24 and the *Chandler* case reveals that the rule is a codification of the *Chandler* case with, if anything, limitations on an intervenor's privileges not found in the *Chandler* case. For example, Rule 24(a) spells out what constitutes intervention of right, as the cases under the prior Equity Rules did not do with such particularity. And Rule 24(b) characterizes a claim of an intervenor having common questions of law and fact with the main action as mere permissive intervention, whereas the Court below found that an absence of relationship between the main action and counterclaim of the intervenor was necessary under the *Chandler* case to justify denial. The Court below used the relationship between the anti-trust defenses and the anti-trust claim of intervenor as one of the grounds to distinguish this case from the *Chandler* case. Even if so, the distinction does not take the present intervenor's counterclaim out of the class of mere permissive intervention as spelled out in the words and manifest purpose of Rule 24(b).

The danger of the rationale of the opinion below, if not reviewed and corrected, lies in the concept that any intervenor permitted to answer may counterclaim at the intervenor's option, not at the trial Court's discretion. This concept is contrary to the policy that an ample degree

of discretion, appropriate for disciplined and experienced judges (as Judge Campbell of the District Court below certainly is), must be left to the lower Courts. *Kerotest Mfg. Co. v. C-O-Two F. E. Co.*, 242 U. S. 182, 183-184. And see the very language of Rule 24(b).

Experienced trial Courts are always concerned about the admission of extraneous parties to an action. As expressed by Judge Wyzanski:

> "Additional parties always take additional time. Even if they have no witnesses of their own, they are the source of additional questions, objections, briefs, arguments, motions and the like which tend to make the proceeding a Donnybrook Fair." [*Crosby Steam Gage & Valve Co. vs. Manning, Maxwell & Moore*, 51 F. Supp. 972, 973, D. C. Mass. 1943]

Experienced trial judges are also very practical and must [as they are required to do under Rule 24(b)] weigh the effect of intervention upon possible delay in the disposition of cases on their dockets. If, under the rule of the appellate decision below, a permissive intervenor (not the court) can control the sum total of issues in a suit, who can say that, to exclude issues which he felt he should not have to hear, the trial judge below might not have denied intervenor even leave to join in the duplicated answers of the original defendants? And who can say that practical trial judges in the future, faced with a choice of no intervention or no control over a "Donnybrook" of additional and extraneous claims, may not reduce permissive intervention, as heretofore practiced, to a dead procedure, for all practical purposes?

The trial Court, as noted by the Court of Appeals, gave no reason for its denial of leave for intervenor to counter-

claim. The reason, however, is not hidden. In petitioning for intervention, intervenor revealed that it regarded the whole history of petitioners and a review and retrial of all the prior adjudications of the patents in suit as just a few elements in the grist for the mill of their charges of monopolistic purposes of petitioners in successfully commercializing their inventions and bringing suits against infringers (R. pp. 18-21). In other words, the intervenor revealed an intent to make the suit a "Donnybrook Fair" for sure—a possible threat to orderly trial which every District Court should be at liberty to avoid, if possible, and to forestall as soon as such a threat is definitely sensed.

CONCLUSION.

In order that the independent discretion of the trial Court below may be restored and that, as a matter of wide and general interest far beyond the specific outcome of this suit, trial Courts shall clearly have like discretion on matters of permissive intervention in the future, petitioners respectfully submit that this petition for a writ of certiorari should be granted.

Respectfully submitted,

ALBERT L. ELY, JR.,

Attorney for Petitioners.

APPENDIX.

1. Federal Rules of Civil Procedure.

Rule 13. Counterclaim and Cross-Claim.

(a) *Compulsory Counterclaims.* A pleading shall state as a counterclaim any claim which at the time of serving the pleading the pleader has against any opposing party, if it arises out of the transaction or occurrence that is the subject matter of the opposing party's claim and does not require for its adjudication the presence of third parties of whom the court cannot acquire jurisdiction, except that such a claim need not be so stated if at the time the action was commenced the claim was the subject of another pending action. As amended Dec. 27, 1946, effective March 19, 1948.

(b) *Permissive Counterclaims.* A pleading may state as a counterclaim any claim against an opposing party not arising out of the transaction or occurrence that is the subject matter of the opposing party's claim.

* * * * *

(f) *Omitted Counterclaim.* When a pleader fails to set up a counterclaim through oversight, inadvertence, or excusable neglect, or when justice requires, he may by leave of court set up the counterclaim by amendment.

* * * * *

Rule 24. Intervention.

(a) *Intervention of Right.* Upon timely application anyone shall be permitted to intervene in an action: (1) when a statute of the United States confers an unconditional right to intervene; or (2) when the representation of the applicant's interest by existing parties is or may be inadequate and the applicant is or may be bound by a judgment in the action; or (3) when the applicant is so situated as to be adversely affected by a distribution or other dis-

position of property which is in the custody or subject to the control or disposition of the court or an officer thereof. As amended Dec. 27, 1946, effective March 19, 1948.

(b) *Permissive Intervention.* Upon timely application anyone may be permitted to intervene in an action: (1) when a statute of the United States confers a conditional right to intervene; or (2) when an applicant's claim or defense and the main action have a question of law or fact in common. When a party to an action relies for ground of claim or defense upon any statute or executive order administered by a federal or state governmental officer or agency or upon any regulation, order, requirement or agreement issued or made pursuant to the statute or executive order, the officer or agency upon timely application may be permitted to intervene in the action. In exercising its discretion the court shall consider whether the intervention will unduly delay or prejudice the adjudication of the rights of the original parties. As amended Dec. 27, 1946, effective March 19, 1948.

* * * * *

2. Title 28. United States Code.

§ 1292. Interlocutory decisions.

The courts of appeals shall have jurisdiction of appeals from:

(1) Interlocutory orders of the district courts of the United States, the District Court for the Territory of Alaska, the United States District Court for the District of the Canal Zone, and the District Court of the Virgin Islands, or of the judges thereof, granting, continuing, modifying, refusing or dissolving injunctions, or refusing to dissolve or modify injunctions, except where a direct review may be had in the Supreme Court:

* * * * *

FILED
JAN 22 1954
HAROLD B. WILLEY, Clerk

In the Supreme Court of the United States

OCTOBER TERM, 1953

No. 504

SWITZER BROTHERS, INC., ROBERT C. SWITZER, and JOSEPH L. SWITZER,
Petitioners,

vs.

HARRY P. LOCKLIN and ELMER J. BRANT, General Partners Doing Business Under the Name of RADIANT COLOR COMPANY,
Respondents.

Respondents' Brief in Opposition to Petition for Writ of Certiorari

STEPHEN S. TOWNSEND
CARL HOPPE
901 Crocker Building
San Francisco 4, California
Attorneys for Respondents.

PARKER PRINTING COMPANY, 180 FIRST STREET, SAN FRANCISCO

SELECT INDEX

SUBJECT INDEX

	Page
The Questions Presented by Petitioners Are Misleading	2
The Petitioners' Statement Is Inadequate	2
Petitioners Present No Sound Reasons for Granting the Writ	4
The Opinion of the Court of Appeals Is Without Error	6
Conclusion	7

TABLE OF AUTHORITIES CITED

Cases	Pages
Barber Asphalt Corp. v. LaFera Grecco Contracting Co. et al. (C.C.A. 3, 1940) 116 F.(2d) 211, 216	6
Cohen v. Beneficial Industrial Loan Corp. (1949) 337 U.S. 541, 93 L. Ed. 1528	5
General Electric Co. v. Marvel Rare Metals Co. (1932) 287 U.S. 430, 77 L. Ed. 408	5
Hancock Oil Co. v. Universal Oil Products Co. (C.C.A. 9, 1940) 115 F.(2d) 45, 47	5
In-A-Floor Safe Co. v. Diebold Safe & Lock Co. (C.C.A. 9, 1937) 91 F.(2d) 341	5
Mercoid Corp. v. Mid-Continent Investment Co. and Minneapolis-Honeywell Regulator Co. (1944) 320 U.S. 660, 671, 88 L. Ed. 376, 384	4, 5, 6
Morgenstern Chemical Co. v. Schering Corp. (C.A. 3, 1950) 181 F.(2d) 160, 162-3	5
Statutes	
Federal Rules of Civil Procedure, Rule 13	6
U.S. Code, Title 28, Section 1292	2, 5, 6
Texts	
83 A.L.R. 642	7
1 Am. Jur. 483, Actions, Section 99	7

In the Supreme Court of the United States

OCTOBER TERM, 1953

No. 504

SWITZER BROTHERS, INC., ROBERT C. SWITZER, and JOSEPH L. SWITZER,

Petitioners,

vs.

HARRY P. LOCKLIN and ELMER J. BRANT, General Partners Doing Business Under the Name of RADIANT COLOR COMPANY,

Respondents.

Respondents' Brief in Opposition to Petition for Writ of Certiorari

Respondents file this brief in opposition to the petition for writ of certiorari filed on December 21, 1953.

Petitioners correctly recite the *opinion below*, the statute invoked for *jurisdiction* and the *rules of procedure, and statute involved* in the matter, and no repetition appears necessary. This brief therefore limits its response to the *questions presented*, the *statement*, and the argument on *reasons for granting the writ*.

THE QUESTIONS PRESENTED BY PETITIONERS ARE MISLEADING

Petitioners' question 1 is so abstract that a restatement appears to be necessary. In the true perspective of this record, question 1 should have asked:

> "1. Do intervenors, named in a patent infringement complaint as principal wrongdoers, have the right to file a counterclaim alleging that plaintiffs are using the very patents in suit to violate the antitrust laws where the named defendants and the intervenors all urge the same cause of action defensively, or are intervenors required to try the identical cause of action defensively in one forum and offensively in another forum?"

Similarly, question 2 has been phrased to direct attention away from the clear language of the statute granting Courts of Appeal appellate jurisdiction. More properly, question 2 should have asked:

> "2. Does a United States Court of Appeals have jurisdiction of an appeal from an interlocutory order of a District Court of the United States refusing an injunction sought by an intervenor, or is the general language of U. S. Code, Title 28, Section 1292, limited by an unexpressed implication to original parties?"

THE PETITIONERS' STATEMENT IS INADEQUATE

The statement (Petition, pages 3-5) fails to give due emphasis to the facts upon which the Court of Appeals based its decision. These facts are essential to understand the problem. They show that the decision of the Court of Appeals was properly decided; that it is not in conflict with applicable decisions of this Court or of the Courts of any other Circuit; and that public policy militates against the grant of the writ rather than in favor of it.

Three salient factors in this case would make any action other than the action of the Court of Appeals quite unsound. These factors are:

First, respondents were not intermeddlers in the litigation. On the contrary, petitioners charged respondents by name and by deed with being participants and principals in the alleged wrongdoing asserted against the named defendants. Petitioners also sought injunctive relief against respondents as privies (Opinion of Court of Appeals, R. 73, Complaint, R. 10-11, 12).

Second, the counterclaim alleges that petitioners have used the patents in suit in violation of the antitrust laws, and directly relates its subject-matter to the patents in suit (Opinion, R. 72, Counterclaim, R. 48).

Third, the counterclaim presents no issues in addition to those otherwise in the action. The answers of the named defendants and the answer of respondents also charge petitioners with misuse of the patents in suit in violation of the antitrust laws (Opinion, R. 73, Answer of Certain Defendants, R. 27-28, Answer of Chicago Cardboard Company, R. 34, Answer of Radiant Color Company, R. 46). The difference in specific relief is the only distinction—the answers asking for dismissal of the complaint (R. 30, 36, 48) and the counterclaim asking for an assessment of damages and the award of an injunction (R. 49).

These facts negate the subsequent argument that "the trial judge believed he could limit the issues which might be interjected by an intervenor" (Petition, page 8); the view that the trial judge sought "to exclude issues which he felt he sould not have to hear" (Petition, page 12); the implication that the counterclaim presented a "Donnybrook" of

"additional and extraneous claims" (Petition, page 12); and the suggestion that the counterclaim is a "possible threat to orderly trial" (Petition, page 13).

Petitioners urge that the subject-matter of the counterclaim is not *res adjudicata* (Petition, page 7, footnote 2). Thus, the District Court for the Northern District of Illinois would be required to try the issue of petitioners' alleged violation of the antitrust laws in the present action, and that some other District Court would have to try the identical issues upon an original complaint of the respondents. Certainly, two different District Courts should not be required to decide the same issues between the same litigants.

PETITIONERS PRESENT NO SOUND REASONS FOR GRANTING THE WRIT

Petitioners' *first* point is that the rights and privileges of intervenors are now again in doubt (Petition, pages 6-8). In building up their argument, petitioners overlook the major premise of this Court in *Mercoid Corp. v. Mid-Continent Investment Co.* (1944) 320 U.S. 660, 88 L. Ed. 376. In deciding the *res adjudicata* issue, this Court accepted as a datum the proposition that a manufacturer, defending his customers against patent infringement, has the right to file an antitrust counterclaim against the patentee. Were that not so, there could have been no *res adjudicata* issue in the *Mercoid* case. The criticality of this premise appears in this Court's pronouncement (320 U.S. 671) of "the fact" that the statutory cause of action "might have been asserted as a counterclaim" by the manufacturer in a prior suit brought by the patentee against the customer.

Petitioners' *second* point is that the Court of Appeals had no jurisdiction to review the interlocutory order of the trial court (Petition, pages 8-10). The argument overlooks the clear language of the U. S. Code, Title 28, Section 1292 granting a Court of Appeals jurisdiction over appeals from interlocutory orders of the District Court refusing injunctions. Such cases as *General Electric Co. v. Marvel Rare Metals Co.* (1932) 287 U.S. 430, 77 L. Ed. 408; *In-A-Floor Safe Co. v. Diebold Safe & Lock Co.* (C.C.A. 9, 1937) 91 F. (2d) 341; and *Hancock Oil Co. v. Universal Oil Products Co.* (C.C.A. 9, 1940) 115 F.(2d) 45, 47, all hold that Circuit Courts of Appeal may review analogous rulings striking, or refusing leave to file, counterclaims praying for injunctive relief.

The two cases of *Cohen v. Beneficial Industrial Loan Corp.* (1949) 337 U.S. 541, 93 L. Ed. 1528, and *Morgenstern Chemical Co. v. Schering Corp.* (C.A. 3, 1950) 181 F.(2d) 160, 162-3 (cited petition, page 9), do not even discuss the appealability of an order denying leave to file a counterclaim praying for injunctive relief, much less decide it.

Petitioners' *third* point is that the Court of Appeals erred in depriving the District Court of an alleged right to exercise discretion (Petition, pages 10-13). This argument is falsely premised upon the proposition that the counterclaim sought to introduce additional and extraneous claims which might present a possible threat to orderly trial. The fact is, as shown at page 3 of this brief, that the violation of the antitrust laws by petitioners is an issue in the case regardless of any disposition which might have been made of the counterclaim. As in the *Mercoid* case, "the fact" that the alleged violation "might have been asserted as a counterclaim" precluded the concurrent existence of discretion.

THE OPINION OF THE COURT OF APPEALS IS WITHOUT ERROR

Petitioners assert that the Court of Appeals erred in assuming jurisdiction of the appeal (specification 2, petition page 5); in holding that the intervenors had a right to file their counterclaim (specification 1, petition page 5); and in reversing the District Court (specification 3, petition page 5).

Respondents urge that the opinion of the Court of Appeals is soundly premised upon the clear language of the Federal Rules and upon applicable case law.

That the Court's opinion on the jurisdictional aspect is without error seems clear from the general language of U. S. Code, Title 28, Section 1292, and from the appropriate cases discussed in this brief at page 5 under respondents' answer to petitioners' *second* point. Petitioners do not challenge the logic by which the Court of Appeals concluded:

> "We have before us an appealable order" (Opinion, R. 70-72).

That the Court's opinion upon the merits of the appeal is without error seems equally clear. Under the Federal Rules of Civil Procedure, any party is granted the right to state any claim which he has against any opposing party by way of counterclaim. The rules contain no language limiting their scope to original parties as distinguished from intervening parties. Rule 13 has specifically been held applicable to the antitrust claim of an intervening manufacturer in *Barber Asphalt Corp. v. LaFeraGrecco Contracting Co. et al.* (C.C.A. 3, 1940) 116 F.(2d) 211, 216. *Mercoid Corp. v. Mid-Continent Investment Co. and Minneapolis-Honeywell Regulator Co.* (1944) 320 U.S. 660, 671, 88 L.Ed. 376, 384, is based upon the same premise.

Petitioners seek a duplication of the judicial process, and a splitting of the issue of their alleged violation of the antitrust laws defensively in one forum and offensively in another forum. It is fundamental that a cause of action cannot be split, and be used defensively in one action and offensively in another action. 1 *Am. Jur.* 483, *Actions*, Section 99, and an annotation *Judgment in action in which matter was asserted as a defense without asserting affirmative relief as precluding use of such matter as basis of an independent action, offset, or counterclaim*, 83 A.L.R. 642, collect the authorities and show that the rule is one of almost universal application.

CONCLUSION

In conclusion, the only purpose which might be served by the grant of the writ of certiorari would be that of requiring two different law suits in two different forums to decide the single issue of whether the petitioners did or did not violate the antitrust laws without any assurance that the two forums would reach the same conclusion. There would appear to be no public interest in so overburdening the already-crowded District Courts. Accordingly, respondents submit that the petition for the writ of certiorari should be denied.

Respectfully submitted,

STEPHEN S. TOWNSEND
CARL HOPPE
Attorneys for Respondents.

FEB 5 1954
HAROLD B. WILLEY, Clerk

In the Supreme Court of the United States

OCTOBER TERM, 1953.

No. 504.

SWITZER BROTHERS, INC.,
ROBERT C. SWITZER and JOSEPH L. SWITZER,
Petitioners,

vs.

HARRY P. LOCKLIN and ELMER J. BRANT,
general partners doing business under the name of
RADIANT COLOR COMPANY,
Respondents.

REPLY BRIEF

**In Support of Petition for Writ of Certiorari
To the United States Court of Appeals
For the Seventh Circuit.**

ALBERT L. ELY, JR.,
National City-E. 6th Bldg.,
Cleveland, Ohio,
Attorney for Petitioner.

THE GATES LEGAL PUBLISHING CO., CLEVELAND, OHIO—MAIN 1-9547

TABLE OF CONTENTS.

1. There is a clear conflict with a decision of this Court regarding the right of an intervenor to counterclaim ---------- 2

2. There is a clear conflict in principle between Court of Appeals decisions regarding Appellate Jurisdiction over Interlocutory Orders ---------- 4

Conclusion ---------- 6

TABLE OF AUTHORITIES.

Cases.

Chandler & Price v. Brandtjen & Kluge, Inc., 296 U. S. 53 ---------- 2, 3, 4

Cohn v. Beneficial Indus. Loan Corp. (1949), 337 U. S. 541 ---------- 5

General Electric Co. v. Marvel Rare Metals Co., 287 U. S. 430 ---------- 4

Hancock Oil Co. v. Universal Oil Products, 115 F. 2d 45 ---------- 4

In-A-Floor Safe Co. v. Diebold Safe & Lock Co., 91 F. 2d 341 ---------- 4

Larson v. Domestic & Foreign Commerce Corp., 337 U. S. 682 ---------- 1

Mercoid Corporation v. Mid-Continent Investment Co., 320 U. S. 660 ---------- 3, 4

Morganstern Chemical Co. v. Schering Chemical Co. (1950), 181 F. 2d 160 ---------- 5

Rules.

Federal Rules of Civil Procedure:
Rule 24 ---------- 5
Rule 24(b) ---------- 3, 6
Rule 56 ---------- 5

Statute.

28 U. S. C. 1292 ---------- 6

In the Supreme Court of the United States

OCTOBER TERM, 1953.

No. 504.

SWITZER BROTHERS, INC.,
ROBERT C. SWITZER and JOSEPH L. SWITZER,
Petitioners,

vs.

HARRY P. LOCKLIN and ELMER J. BRANT,
general partners doing business under the name of
RADIANT COLOR COMPANY,
Respondents.

REPLY BRIEF

In Support of Petition for Writ of Certiorari To the United States Court of Appeals For the Seventh Circuit.

At the outset of their reply to respondents' opposition to issue of the writ sought, your petitioners wish to call attention to the absence of dispute over the fact that the interlocutory decision of the appellate court below is "fundamental to the further conduct of the case" and, thus, is qualified as appropriate for review.[1] Also, respondents do not appear to dispute petitioners' position that respondents' intervention in this civil action amounts only to permissive intervention.

It is respectfully submitted that, for the following reasons, your petitioners' reasons for issuance of a writ of

[1] *Larson v. Domestic & Foreign Commerce Corp.*, 337 U. S. 682, 685, n. 3.

certiorari to the appellate court below stand clear and compelling and actually emphasized by respondents' evasion of the substantial questions raised by the decision below:

1. **There is a clear conflict with a decision of this Court regarding the right of an intervenor to counterclaim.**

To avoid admission of the conflict between the decision below and the decision of this Court in *Chandler & Price v. Brandtjen & Kluge, Inc.*, 296 U. S. 53, respondents do not even cite the *Chandler* decision, despite the acknowledgment of the court below that the *Chandler* case presents "some contrariety of opinion" as to the rights of an intervenor (R. pp. 71-2). Rather, respondents seek to justify the conflicting conclusion reached below by contending (Resp. Brief, p. 5) that their counterclaim would introduce no issues extraneous to those raised by the complaint and answer of the original parties. This contention is flatly contradicted by the record. Purely as a defense, the original defendants alleged ("Third defense," R. pp. 27-28, 34) that petitioners were attempting, by licenses under the patents in suit, to acquire a monopoly in fluorescent materials not covered by the patents and, thus, that the patents were unenforceable. But, as an affirmative counterclaim, respondents alleged (paragraphs "11," "14," and "15," R. pp. 48-49) that by various leases, sales and contracts for sale in addition to the patent licenses, petitioners had lessened competition and respondents had thereby been damaged in an amount of $100,000.00 or more and were entitled to trebled damages. In the face of respondents' attempt to effect an obvious enlargement of the issues between the original parties, including the introduction of extraneous issues relating to the extent, if any, of money damages, it is respectfully submitted that it would have been superfluous for the trial court, in denying respond-

ents leave to counterclaim, to explain that the introduction of the counterclaim could delay adjudication of the rights of the original parties.

In a further effort to rationalize the decision of the Court below, respondents contend (Resp. Brief, p. 4) that the decision of this Court in *Mercoid Corporation v. Mid-Continent Investment Co.*, 320 U. S. 660, stands for the proposition that a manufacturer, defending his customers, has the "right" to file an anti-trust counterclaim against a patentee. This contention is both incorrect and beside the point. Stating "That [an anti-trust] claim for damages is more than a defense [to a patent suit]; it is a separate cause of action" (320 U. S. 671), what this Court did hold in the *Mercoid* case was that, in a suit brought directly against a contributorily infringing manufacturer, the manufacturer was not barred from asserting an anti-trust counterclaim for damages, when, in an earlier and separate suit against the manufacturer's customers, the manufacturer had covertly supported the earlier suit but failed to assert an anti-trust defense in that earlier suit. What the *Mercoid* decision does establish, and what the appellate court below clearly overlooked, is that the order of the trial court below, granting intervenors leave to answer but not to counterclaim, could in no wise bar respondents from asserting their claim for anti-trust damages in a separate action. Such a separate action would not, in the words of Rule 24(b), Federal Rules of Civil Procedure, "unduly delay or prejudice the adjudication of the rights of the original parties."

Despite respondents' efforts to create the impression of a possible, but actually non-existent, inconsistency between *Chandler & Price v. Brandtjen & Kluge, Inc.*, 296 U. S. 53, and *Mercoid Corp. v. Mid-Continent Investment Co.*, 320 U. S. 661, and the impression that the appellate

decision below was somehow warranted by the *Mercoid* case, it should be obvious that there is a square conflict between the decision below and this Court's decision in the *Chandler* case. In both the *Chandler* case and the instant case an intervenor was allowed by the District Court to answer, but not to assert a counterclaim enlarging the issues between the original parties. The court below held with respect to respondent ("Radiant"):

> "With the conclusion thus reached, we think it unnecessary to discuss the contention of Radiant that in any event the refusal to allow the filing of the counterclaim was an abuse of the court's discretion. In the first place, as heretofore noted, there is nothing in the record to indicate the court's reason for its refusal and, secondly, *Radiant was entitled as a matter of right to file its counterclaim.*" (R. p. 75, emphasis supplied.)

In the *Chandler* case, this Court held:

> "The decisions of the District Court and the Circuit Court of Appeals [in cited cases] are disapproved to the extent, if at all, that they tend to support intervenor's contention that it is entitled to set up the counterclaim." (296 U. S. 58.)

A more open conflict would be difficult to invent.

2. There is a clear conflict in principle between Court of Appeals decisions regarding Appellate Jurisdiction over Interlocutory Orders.

Respondents attempt to defend the exercise of appellate jurisdiction over the District Court's interlocutory order denying leave to counterclaim by citing, as "analogous rulings," the decisions in *General Electric Co. v. Marvel Rare Metals Co.*, 287 U. S. 430, *In-A-Floor Safe Co. v. Diebold Safe & Lock Co.*, 91 F. 2d 341; and *Hancock Oil Co. v. Universal Oil Products*, 115 F. 2d 45. (Resp.

Brief, p. 5.) The soundness of these decisions is not questioned. They simply are not in point; they all relate to the right of *an original party* to assert a counterclaim. None of these decisions discuss or in any wise pass upon the statutory authority of an appellate court to exercise jurisdiction over an interlocutory order essentially involving the discretion of a trial court *with respect to further conduct of the case before it* and only incidentally involving the granting or denial of an injunction the latter being a matter sounding in relief, not in further conduct of the case.

Respondents would brush aside the decision in *Morganstern Chemical Co. v. Schering Chemical Co.* (1950), 181 F. 2d 160, where the Court of Appeals for the Third Circuit, in following this Court's decision in *Cohn v. Beneficial Indus. Loan Corp.* (1949), 337 U. S. 541, 545, refused jurisdiction and held:

> "It is not enough merely to have discovered that an order can be found not to have granted an injunction. Its essential character and effect must be determined." (181 F. 2d 163.)

Respondents would dismiss the above appellate decision on the ground that it does not relate to an order denying a permissive intervenor leave to file a counterclaim seeking both monetary damages and injunctive relief. True enough, the *Morganstern v. Schering* decision does not specifically relate to an interlocutory order arising under Rule 24, Federal Rules of Civil Procedure, but to another type of order relating to the further conduct of the case, namely, an order denying summary judgment under Rule 56. But the conflict in principle remains. In the Third Circuit, the Court of Appeals refuses jurisdiction over an interlocutory order if denial of injunction is only an incidental consequence of the trial court's order; in the Seventh

Circuit, a larger appellate jurisdiction is asserted. Such larger appellate jurisdiction was asserted in this particular case without discussing (R. p. 75) whether the trial court abused its discretion, as by taking into account such matters as the condition of the trial court's calendar, the enlargement of issues and length and complexity of trial, and like factors which could reasonably sway a trial court's decision as to the extent of leave to be granted an applicant for intervention.

If the opinion of the Court of Appeals for the Seventh Circuit as to the scope of its jurisdiction is correct and the practice in the Third Circuit is wrong, then a heretofore latent conflict has been uncovered between Rule 24(b), Federal Rules of Civil Procedure, and the statute, 28 U. S. C. 1292, conferring interlocutory appellate jurisdiction on United States Courts of Appeals. Does 28 U. S. C. 1292 oust the trial court's exercise of discretion, conferred by Rule 24(b), if the permissive intervenor elect to seek injunctive relief?

It is respectfully submitted that on matters as important as the scope of appellate jurisdiction or a possible conflict between the Judicial Code and Federal Rules of Civil Procedure, different principles should not apply in different appellate circuits.

CONCLUSION.

It is manifest that the procedural and jurisdictional questions raised by the decision below go far beyond any factual situation peculiar to the case below and are of broad public interest. It is, therefore, respectfully submitted that a writ of certiorari should be issued.

Respectfully submitted,

ALBERT L. ELY, JR.,

Attorney for Petitioners.